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## Changes in student loan programs at the center of federal budget fight

by [Art Hughes](#), Minnesota Public Radio  
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**A delayed vote on a House budget plan gives hope to student groups and other critics who say the deal would increase the financial burden on those paying for college.**

St. Paul, Minn. — The budget plan raises the interest rate ceiling on student loans and increases the fees. House Democrats are the loudest voices against the plan.

Rep. Betty McCollum, D-Minn., a member of the House Education and Workforce Committee, said the measure amounts to a \$14-billion cut in student financial aid.

"These students are graduating with phenomenal debt already--not including credit card debt and other debt they might have incurred while they went to school," McCollum said. "Now the Republican proposal increases their debt by raising interest rates in order for a few wealthy Americans to continue to get their tax give-aways."

The maximum interest on student loans was set to drop next year from 8.25 to 6.8 percent. The new measure would maintain the higher rate. In addition, students would face additional fees every time they take out a new loan or consolidate past loans. In all, congressional critics and student groups say, a student with a four-year debt total of around \$17,000 will have to pay as much as \$5,800 more than they would under the previous loan provisions.

That's a troubling prospect for St. Cloud State University senior Cassie Bixler. Although her parents aren't able to contribute significantly to her college education, she qualified for no federal or state grants. She's relied on loans to pay tuition, housing and expenses.

When she leaves school, she'll have to start paying off a \$50,000 debt.

"I've gotten to the point where, what am I going to do from here on out. I've taken out this much already. I can't really change it," Bixler said. "Do I just not graduate? Do I quit school and just start working? Do I not go to grad school? I haven't really figured out the numbers but it gets to the point where you ask your friends and we all just kind of say we're here and we have to borrow the money now, we have the rest of our lives to pay it back."

Bixler is trying to decide whether to borrow an additional amount to get her through a final internship next summer.

The outlook is not nearly so bleak, according to the bill's proponents. Rep. John Kline, also on the Education and Workforce Committee, said rather than the \$14-billion in cuts claimed by Democrats, the bill actually boosts student aid by \$11-billion.

Kline said it also reigns in what he called "out of control entitlements." Kline also noted the additional loan fees are paid by the lenders, not students. The revenue is redistributed as grants to the neediest students.

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*State University  
senior Cassie  
Bixler*

The bill also increases the total amount of money students can borrow.

Critics point out the increase in aid is lower than the rising cost of living. They also claim there's no provision to keep lenders from passing the additional fees on to students.

The budget bill also draws fire from another front.

There are two main federal loan programs. Those that go through private lenders and those that go directly to colleges and universities. The latter arrangement is known as the National Direct Student Loan Program. A coalition of direct loan institutions, which includes the five main University of Minnesota campuses, maintains the budget bill is

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